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BOOK REVIEWS

Essentials of Economic Theory, as Applied to Modern Problems of Industry and Public Policy. By JOHN BATES CLARK, Professor of Political Economy in Columbia University. (New York: The Macmillan Company, 1907. Pp. xiv, 566. \$2).

Professor Clark's volume divides itself into two parts. The first, comprising chapters i-xi, deals with what the author terms economic statics: the second, comprising the larger number of chapters, at the close of the book, deals with economic dynamics.

The first part re-states what Professor Clark has already said in his *Distribution of Wealth*. The exposition is more brief than in the earlier volume and seems to me not to lose by brevity. After an introductory chapter on familiar and accepted matters, Professor Clark proceeds to unfold his doctrines as to capital and capital goods, the relation of present labor to present income, and the synchronization of labor and product. Then follows the theory of distribution, based on imputed productivity, which Professor Clark has made his own. The discussion of rent and interest, land and capital, naturally follows, and here again we find a re-statement of the doctrines on that subject with which the readers of Professor Clark's previous writings are familiar.

The second part offers new matter, or at least a new combination. Professor Clark explains in his preface that he has used in this part some papers published from time to time in various periodicals; but they are here re-arranged, in part re-written, and enriched by the addition of much new matter. All are concerned with economic dynamics. Professor Clark remarks in his preface that a complete exposition of economic dynamics is a task for whose performance he is not yet ready. He therefore offers in this volume "a brief and provisional statement of the more general laws of progress."

The chapters containing this statement cover a wide range of subjects. Beginning with some general chapters on economic

dynamics and the nature of the economic societies he proposes to deal with, he proceeds to a consideration of the effects of improvements in the arts, the displacement of labor and capital by invention, and the gains and possible losses from this process. Then follow chapters on the law of population and the law of the accumulation of capital. In both of these chapters stress is laid on the standard of living. It is a rising standard of living which prevents the growth of population from being a menacing force and allays the fears of the Malthusian. It is a rising standard of comfort which prompts the accumulation of capital, and, in Professor Clark's opinion, causes accumulation to be stimulated rather than checked by a decline in the rate of interest—a proposition which, in my judgment, is overstated by Professor Clark. Then follow chapters upon conditions which insure progress and those which prevent progress, under which heads the patent system on the one hand is dealt with, monopoly on the other hand. Next come chapters on transportation and the labor problems, on labor organization and arbitration, and finally, brief chapters on some aspects of protection and of monetary theory.

It will be seen from this enumeration that Professor Clark's second part covers a wide range, but does not pretend to cover the whole of the field of economics. There is, for instance, no treatment whatever of socialism and of the great movements which are connected with socialism. There is no treatment of international trade, except that incidental to the chapter on protection. In the chapter entitled *Leading Facts Concerning Money*, the chief subject is the appreciation of money and its connection with the rate of interest and the fortunes of debtors and creditors. On this subject my impression again is that Professor Clark overstates his proposition. At all events, there is no endeavor to deal adequately with monetary problems at large. Professor Clark has chosen the title of his book with care. The title is *Essentials of Economic Theory*, not *the essentials of economic theory*.

Throughout, the style is marked by that grace and finish which we expect from Professor Clark. Whether the style will be found simple by the persons whom the book is designed to reach, I am not so sure. The book is intended, as the preface states, to be available for use in classrooms. While it is not to be a text book, it is to be supplementary to one. Perhaps a more commonplace mode of

statement would prove more effective for students, but of this one can judge only after trial. The same question might arise with regard to the many diagrams with which the book is provided. Readers of Professor Clark's books need not be told that these are ingenious and original. But the object of a diagram is to make clear and to simplify the author's meaning, and sometimes it seems to me that Professor Clark's diagrams require as much study as his text, and yet add nothing to what is said in the text.

Those who have occasion to teach economics will have to judge for themselves how far a book of this kind will prove serviceable for their purposes. For my own part, the doctrines contained in the *Distribution of Wealth* have never seemed of the sort which I should wish to present to beginners in economics. Some of them seem to me clearly untenable, such are those based on the distinction between capital and capital goods. The doctrine of imputed productivity seems to me also in the last analysis untenable, at all events in that sense of "specific" or "actual" productivity which Professor Clark commonly attaches to it. Certainly some connotations of it, or social applications from it, are not to my liking; such, for example, as are contained in a passage like this, which I select at random: "The owners of the capital have an original right to what the machines, the tools, the buildings, the land, and the raw materials, of themselves and *apart from other contributions*, put into the joint product" (the italics are Professor Clark's). The chapters in the second part are not open to objections of the same sort and state, in the main, conclusions which most economists would accept. They will certainly be found stimulating, and will give a teacher abundant occasion for discussion with his pupils and for independent thinking of his own.

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The United States in the Twentieth Century. By PIERRE LEROY-BEAULIEU. Translated by H. Addington Bruce. Second edition. (New York: Funk and Wagnalls Company, 1907).

That Professor Leroy-Beaulieu's roseate account of the industrial achievements of the United States should have reached a second edition is proof of the success with which he has popularized